

What Is LEDES Billing and Why Should Lawyers Use It?

Billing is a non-negotiable for every law firm, but if done manually, it's a tedious and error-prone process that can easily put your practice at risk.

Relying on outdated systems such as spreadsheets, or even worse, pen and paper, to track billable hours leaves your attorneys with no consistent invoicing format to follow. This easily subjects your firm to invoices flagged for inaccuracies, delayed payments, and disputes that strain both your cash flow and hard-earned relationships.

A quick solution to these issues is adopting the [Legal Electronic Data Exchange Standard](#) — better known as LEDES billing. By standardizing your invoices and ensuring you stay compliant with client billing requirements, the LEDES format can minimize errors on your team's end, speeding up payments and allowing you more time to serve clients instead of chasing invoices.

What Is LEDES Billing?

LEDES is a standardized, machine-readable format used to structure billing and invoicing data. It has been in use [since 1998](#), when the Legal Electronic Data Exchange Standard Oversight Committee (LOC) first developed it as a means “to uniformly satisfy the complex needs of the legal industry” based on the following key principles:

1. Keep the billing process simple
2. Make bills unambiguous to cut down on questions and confusion
3. Minimal deviation from existing legal billing formats
4. Only require data that law firms can provide from their existing financial systems

5. Meet the legal billing needs of law firms, as well as corporations and the legal industry as a whole

Today, LEDES is universally recognized across the domestic and international legal communities, used to ensure that electronic exchanges between law firms and clients remain consistent and clear, streamlining the legal billing process.

An invoice using the LEDES format appears as a text file containing structured billing data, including time entries, expenses, and codes. This format makes it easier for legal departments to process and analyze invoices.

The system of standardized codes used to classify legal services and expenses within LEDES invoices is referred to as Uniform Task-Based Management System or UTBMS. In some cases, it's simply called the LEDES billing codes.

These codes categorize tasks and costs, so they can be easily identified without attorneys having to provide extraneous information on the invoices. UTBMS follows a [three-phase approach](#):

- Task codes briefly describe the service provided by an area of law.
- Activity codes specify the service performed.
- Expense codes focus on any overhead spent on matters.

What Are the LEDES Formats Firms Should Know About?

Throughout almost three decades since its first implementation, LEDES has consistently evolved to accommodate different legal billing needs, resulting in multiple formats that vary in structure.

Below is a quick rundown of the key LEDES billing formats developed over the years:

LEDES 1998

This was the original LEDES format. Although it is no longer in use, this format was the basis for succeeding iterations.

LEDES 1998B

This version's rigid structure repeats invoice-level metadata on each line item, even if the data is identical. Preferred by many law firms for being straightforward, it is currently the most used legal e-billing standard in the United States.

LEDES 1998BI

This plain-text format, which is a variant of LEDES 1998B, was developed to facilitate legal billing outside of the US.

LEDES XML2000

This XML-based style was designed to handle elaborate fee agreements between corporations and law firms and covered a lot more information than the LEDES 1998B style.

LEDES XML2.0

This XML-based format builds upon XML2000, with 15 segments and 153 data pieces for more intricate invoice formatting.

LEDES XML2.1

The growing number of alternative fee structures and apparent inconsistency between time and billing software and third-party e-billing systems prompted the LOC to produce LEDES 2.1 in 2008.

LEDES XML2.2

To accommodate Tiered Taxes, the LOC issued XML 2.2 in 2020, expanding the number of data elements to 205 and segment kinds to 18.

Older formats like LEDES 1998B remain popular even today, but newer XML-based versions are much more compatible with modern legal billing systems.



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7 Benefits of LEDES Billing for Your Law Firm

Some firms may initially choose to implement LEDES simply because their corporate clients require it. However, like many other attorneys, you may find that using LEDES can significantly improve your team's billing process, reducing errors in your invoices and helping you maintain a healthy cash flow.

Here are some major benefits your law firm can reap when adopting LEDES billing:

1. Standardized billing across clients and jurisdictions

One of the primary advantages of LEDES is how it standardizes billing on a global scale. No matter where your law firm or clients are located, LEDES billing enables invoices to follow the same structured format. This eliminates confusion and misinterpretation caused by inconsistent billing practices.

For law firms with multinational clients or those handling cross-border matters, LEDES makes it easier to align with international billing expectations. Firms can maintain compliance with corporate legal departments and government agencies, many of which require LEDES invoices.

2. Increased efficiency and accuracy

Many firms use only a few catch-all codes to capture the numerous tasks that they complete each day. But these overly general codes make it extremely difficult when trying to determine which legal services your practice provides most often and to which clients.

Since LEDES billing requires the use of standardized codes, you no longer have to constantly reinvent your own codes to define completed tasks. For staff members, these pre-established LEDES billing codes take less effort because timekeepers no longer need to familiarize themselves with your firm's unique customizations and task codes. Instead, any staff member with an understanding of LEDES can easily come in and utilize your billing system, minimizing potential errors in invoice creation and analysis.

3. Better data reporting

With structured billing data courtesy of LEDES, you can get granular insights into your firm's billing patterns, which can help you make better decisions that further the growth of your practice.

When lawyers know how much time was spent on specific tasks, which practice areas generated the most revenue, or what departments were the most efficient, it becomes easier to determine where inefficiencies exist and how to improve on those areas.

4. Faster payment processing

You know how slow client payments can hurt a law firm's cash flow. LEDES can speed up the process of invoice review and approval by feeding electronic billing systems with a universally recognized format that's easy to analyze. Unlike PDF or paper invoices, which need to be manually verified, LEDES invoices integrate directly into e-billing systems, which make it simpler for clients to understand, allowing for automated approvals and quicker reimbursements.

According to the [2023 American Bar Association's Practice Management TechReport](#), 78% of firms now use LEDES billing software, and many have since reported that it improved their payment turnaround times.

5. Cost savings through automation

By reducing the time spent on manually preparing and reviewing invoices, LEDES lowers a law firm's administrative overhead costs. Using it also enables lawyers to accommodate more billable client work instead of wasting time and resources on repetitive billing tasks that can be automated.

6. Improved compliance with legal billing requirements

Many corporate clients and government agencies require law firms to submit invoices that follow the LEDES format. This is because LEDES allows for easier invoice audits, making it clear for clients to see whether firms adhere to their billing rules.

Failing to comply with these requirements can result in payment delays and even rejected invoices. When you use LEDES billing, your invoices can better align with client-specific billing guidelines, industry-wide regulations, and internal compliance policies.

7. Reduced risk of invoice disputes

LEDES minimizes disputes by making sure your invoices provide accurate descriptions of billable hours, clear breakdowns of the legal services and expenses, and consistent formatting throughout. Since LEDES billing also

guarantees better compliance with your clients' billing rules, there's less of a chance that your invoice will be rejected or subject to lengthy back-and-forth negotiations.

Why Law Firms Should Invest in LEDES Billing Software Like TimeSolv

While the benefits of LEDES billing are clear and plenty, it can be challenging for some law firms to implement. Smaller law firms may lack experience in LEDES or get stuck using generic accounting systems that aren't designed to read LEDES codes. Either way, they're forced to manually format invoices or rely on additional tools that only increase the risk of billing errors.

LEDES billing may seem like a daunting feature to explore for those who aren't versed in it, but Tiann Stout, TimeSolv's Business Development Director, assures that "LEDES billing doesn't have to be this big, scary thing."

In a [2021 webinar](#) organized by TimeSolv, Stout explained: "It's really just a matter of understanding, and I'm confident that, with the right tools like TimeSolv, you can make LEDES billing home for you. It can be a very quick, easy, and painless process."

TimeSolv's automated legal billing software can provide your firm with the tools to effortlessly create LEDES invoices. Auto-formatted to the exact specifications of the LEDES billing system, TimeSolv makes it simple to upload client data and generate invoices in the widely accepted LEDES 1998B format.

Setting up LEDES invoicing with TimeSolv is easy. You simply have to input the essential data required to fulfill the standard LEDES format, including:

- Tax ID information
- LEDES Timekeeper ID and LEDES Classification
- Task and Activity Codes
- Timekeeper Hourly Rate
- Bill Delivery Method
- Client LEDES IDs
- Delivery Email Addresses
- Client Matter IDs

TimeSolv can guide you through each step to ensure full compliance with LEDES formatting requirements. With this streamlined process, you can be assured that your invoices are comparable with those generated by large firms nationwide and compatible with the billing requirements of your major clients.

To support your transition to LEDES billing, our team also offers several helpful features. Program the system to automatically email you a copy of each billing statement, or request invoice copies in either the LEDES format or an easy-to-read PDF version.

TimeSolv simplifies the implementation process with step-by-step instructions for creating LEDES invoices. If your team needs extra help, personalized training and assistance are available to make sure you enjoy a smooth setup and optimal use of the software.

Take Control of Your Legal Billing with TimeSolv

If your firm is still struggling with tedious manual billing, it may be time to switch to a smarter, more efficient system.

By using a LEDES billing software like TimeSolv, you can [streamline your invoicing process](#), minimizing payment delays or rejections and helping you get paid faster. With automated formatting and built-in compliance checks, TimeSolv takes the complexity out of legal billing so you can focus on your practice.

Stop letting outdated billing processes curb your firm's growth. Join the countless lawyers who trust TimeSolv to simplify their LEDES billing and improve their cash flow. Try TimeSolv today!



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